United Nations A/64/418/Add.1

General Assembly

Distr.: General
15 December 2009

Original: English

Sixty-fourth session
Agenda item 51 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

Rapporteur: Ms. Denise **McQuade** (Ireland)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 51 (see A/64/418, para. 2). Action on sub-item (a) was taken at the 36th, 39th, 41st and 42nd meetings, on 19 November and 4, 9 and 11 December 2009. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/64/SR.36, 39, 41 and 42).

II. Consideration of proposals

A. Draft resolution A/C.2/64/L.40

2. At the 36th meeting, on 19 November, the representative of the Sudan, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/64/L.40).

3. At its 42nd meeting, on 11 December, the Committee was informed that draft resolution A/C.2/64/L.40 had no programme budget implications.

4. At the same meeting, the Committee adopted draft resolution A/C.2/64/L.40 by a recorded vote of 113 to 47, with 6 abstentions (see para. 10). The voting was as follows:

* The report of the Committee on this item is being issued in five parts, under the symbol A/64/418 and Add.1-4.

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In favour:

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia (Plurinational State of), Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Chile, China, Colombia, Comoros, Congo, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Gabon, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Micronesia (Federated States of), Mongolia, Morocco, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Peru, Philippines, Qatar, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Solomon Islands, Somalia, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Trinidad and Tobago, Tunisia, Turkmenistan, Uganda, United Arab Emirates, United Republic of Tanzania, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, New Zealand, Poland, Portugal, Republic of Moldova, Romania, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining:

Mexico, Norway, Republic of Korea, Russian Federation, Serbia, Turkey.

5. Also at the same meeting, a statement was made before the vote by the representative of the United States; statements were made after the vote by the representatives of the Sudan (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), Sweden (on behalf of the States Members of the United Nations that are members of the European Union and Albania, Montenegro and the former Yugoslav Republic of Macedonia; and Georgia, the Republic of Moldova and Ukraine), Canada (on behalf also of Australia and New Zealand), Norway, Singapore and Japan (see A/C.2/64/SR.42).

B. Draft resolution A/C.2/64/L.50

6. At the 39th meeting, on 4 December, the representative of the Sudan, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Unilateral economic measures as a means of political and economic coercion against developing countries" (A/C.2/64/L.50).

7. At the 41st meeting, on 9 December, the Committee was informed that the draft resolution contained no programme budget implications.

8. At the same meeting, the Committee adopted the draft resolution by a recorded vote of 108 votes to 2, with 53 abstentions (see para. 10). The voting was as follows:[1]

In favour:

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Bhutan, Bolivia (Plurinational State of), Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Chile, China, Colombia, Comoros, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Fiji, Gabon, Grenada, Guatemala, Guinea, Guyana, Haiti, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Russian Federation, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Trinidad and Tobago, Tunisia, Turkmenistan, Uganda, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Israel, United States of America.

Abstaining:

Albania, Andorra, Australia, Austria, Belgium, Benin, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Marshall Islands, Monaco, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, San Marino, Serbia, Seychelles, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland.

9. Also at the same meeting, a statement was made before the vote by the representative of the United States. A statement was made after the vote by the representative of Sweden (on behalf of the States Members of the United Nations that are members of the European Union and Albania, Croatia, Montenegro, the former Yugoslav Republic of Macedonia and Turkey; and Georgia, the Republic of Moldova and Ukraine) (see A/C.2/64/SR.41).

[1] The delegation of the United Arab Emirates subsequently indicated that its vote in abstention had been in error and that it had intended vote in favour.

III. Recommendation of the Second Committee

10. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
International trade and development

The General Assembly,

Recalling its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 59/221 of 22 December 2004, 60/184 of 22 December 2005, 61/186 of 20 December 2006, 62/184 of 19 December 2007 and 63/203 of 19 December 2008 on international trade and development,

Recalling also the United Nations Millennium Declaration,[1] as well as the outcomes of the International Conference on Financing for Development,[2] the World Summit on Sustainable Development,[3] the 2005 World Summit Outcome[4] and the Doha Declaration on Financing for Development,[5]

Recalling further the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[6]

Reaffirming the value of multilateralism to the global trading system and the commitment to achieving a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute to the goals of the multilateral trading system,

Stressing the importance of open, transparent, inclusive, democratic and more orderly processes and procedures for the effective functioning of the multilateral trading system, including in the decision-making process, so as to enable developing countries to have their vital interests duly reflected in the outcome of trade negotiations,

Reiterating that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of developing and least developed countries at the heart of the Doha Work Programme,[7]

Noting that agriculture lags behind the manufacturing sector in the process of establishment of multilateral disciplines and in the reduction of tariff and non-tariff

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex, and resolution 2, annex.

[4] See resolution 60/1.

[5] Resolution 63/239, annex.

[6] Resolution 63/303, annex.

[7] See A/C.2/56/7, annex.

barriers and that, since most of the world's poor make their living from agriculture, the livelihood and standards of living of many of them are seriously jeopardized by the serious distortions in production and trade in agricultural products caused by the high levels of export subsidies, trade-distorting domestic support and protectionism by many developed countries,

1. *Takes note* of the report of the Trade and Development Board[8] and the report of the Secretary-General;[9]

2. *Reaffirms* that international trade can be an engine for development and sustained economic growth, underlines the need to fully harness its potential in that regard, and stresses the importance of upholding a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment, particularly in developing countries;

3. *Notes with deep concern* that the world financial and economic crisis has severely impacted international trade, particularly affecting developing countries, including through the fall in exports and loss of export revenues, restricted access to trade finance and reduced export-oriented investment, which have resulted, in many cases, in lower fiscal revenues and balance-of-payment problems;

4. *Notes* that the shortage and the high cost of trade finance for developing countries contributed significantly to the reduction in trade flows during the crisis, also notes the efforts of the international community, including through the World Bank Global Trade Liquidity Programme, to ensure additional resources at affordable rates, and calls on bilateral and multilateral donors to redouble their efforts to increase the availability and affordability of trade finance for developing countries;

5. *Underlines* in this regard the need for greater coherence in the trade, financial and monetary systems, with a view to promoting growth, sustainable development and employment;

6. *Stresses* the need to resist all protectionist measures and tendencies, especially those affecting developing countries, particularly tariff, non-tariff and para-tariff barriers to trade, and to rectify any such measures already taken, recognizes the right of countries to fully utilize their policy space, consistent with World Trade Organization commitments, and calls on the World Trade Organization and other relevant bodies, including the United Nations Conference on Trade and Development, to continue monitoring protectionist measures and assess their impact on developing countries;

7. *Encourages* Member States to refrain from adopting any measures or restrictions related to trade and transit that affect the access by developing countries to medicines, especially generic medicines, and medical equipment;

8. *Expresses serious concern* at the lack of progress in the negotiations of the World Trade Organization Doha Round, reiterates the call on developed countries to demonstrate the flexibility and political will necessary to make meaningful progress in the negotiations, with a view to concluding the Round by

[8] A/64/15.
[9] A/64/177.

2010, and calls upon all members of the World Trade Organization to adhere to the development mandate of the Doha Ministerial Declaration,[7] the decision of 1 August 2004 of the General Council of the World Trade Organization[10] and the Hong Kong Ministerial Declaration,[11] which places development at the heart of the multilateral trading system;

9. *Takes note* of the New Delhi informal ministerial meeting on re-energizing Doha, held on 3 and 4 September 2009, which led to the resumption of the negotiations of the Doha Development Round with the objective of concluding the Round by 2010;

10. *Stresses* the importance of accelerating the negotiations, with a strong reaffirmation that development remains at the heart of the Doha Round, building upon the progress already made, particularly with regard to modalities, and based on the World Trade Organization agreed workplan on agriculture, non-agricultural market access, services, rules, trade facilitation and other remaining issues, with a view to concluding the Round by 2010;

11. *Also stresses* that, in order for the Doha Round to be concluded satisfactorily, the negotiations should strengthen the rules and disciplines in the area of agriculture, eliminate agricultural export subsidies, substantially reduce the domestic measures of support by developed countries and promote enhanced market access to developed country markets, in a balanced and development-oriented outcome, while adhering to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

12. *Further stresses* the need for negotiations of the World Trade Organization in non-agricultural market access to fulfil the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

13. *Stresses* the need for negotiations of the World Trade Organization to make substantial progress in all areas under the single undertaking, such as services, rules and trade facilitation, so as to ensure that the development concerns of developing countries are fully reflected in any outcome, consistent with the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

14. *Reiterates* the call for accelerating work on the trade-related aspects of the World Intellectual Property Organization development agenda, as well as the development-related mandate concerning the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement)[12] in the Doha Ministerial Declaration, especially the examination of the relationship between the TRIPS

[10] World Trade Organization, document WT/L/579. Available from http://docsonline.wto.org.

[11] World Trade Organization, document WT/MIN(05)/DEC. Available from http://docsonline.wto.org.

[12] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

Agreement and the Convention on Biological Diversity,[13] the protection of traditional knowledge and folklore and the issues related to the full implementation of the Doha Declaration on the TRIPS Agreement and Public Health,[14] affecting developing countries, including the least developed countries, especially those issues arising from HIV/AIDS, tuberculosis, malaria and other diseases;

15. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization[7] and at the Third United Nations Conference on the Least Developed Countries,[15] in this regard calls upon developed countries that have not already done so to provide immediate predictable, duty-free and quota-free market access on a lasting basis to all products originating from all least developed countries, calls upon developing countries that are in a position to do so to extend duty-free and quota-free market access to exports of these countries, in this context reaffirms also the need to consider additional measures for progressive improvement in market access for least developed countries, and reaffirms further the need for members of the World Trade Organization to take additional measures to provide effective market access, both at the border and otherwise, including simplified and transparent rules of origin so as to facilitate exports from least developed countries;

16. *Also reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration and paragraph 41 of the Hong Kong Ministerial Declaration;

17. *Expresses its deep concern* at the imposition of laws and other forms of coercive economic measures, including unilateral sanctions, against developing countries, which undermine international law and the rules of the World Trade Organization and also severely threaten freedom of trade and investment;

18. *Recognizes* the special problems and needs of the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, calls, in this regard, for the full and effective implementation of the Almaty Programme of Action,[16] and stresses the need for the implementation of the São Paulo Consensus[17] and of the Accra Accord[18] by the relevant international organizations and donors in a multi-stakeholder approach;

19. *Reaffirms* that developing countries should play an increasing role in the formulation of, inter alia, safety, environmental and health standards, calls for the full and fair representation of developing countries in the relevant international

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[13] United Nations, *Treaty Series*, vol. 1760, No. 30619.

[14] World Trade Organization, document WT/MIN(01)/DEC/2. Available from http://docsonline.wto.org.

[15] See A/CONF.191/13.

[16] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex I.

[17] TD/412, chap. II.

[18] TD/442 and Corr.1, chap. II.

standard-setting organizations, and in this regard also calls for additional financial resources and technical capacity-building to ensure the adequate participation of developing countries;

20. *Recognizes* that South-South trade should be strengthened, notes that enhanced market access between developing countries can play a positive role in stimulating South-South trade, and calls for acceleration of the work of the ongoing (São Paulo) third round of negotiations on the Global System of Trade Preferences among Developing Countries;

21. *Calls for* facilitating the accession of all developing countries that apply for membership in the World Trade Organization, in particular the least developed countries, as well as countries emerging from conflict that are least developed countries, bearing in mind paragraph 21 of resolution 55/182 of 20 December 2000 and subsequent developments, and also calls for the effective and faithful application of the World Trade Organization guidelines on accession by the least developed countries;

22. *Emphasizes* the need for further work to foster greater coherence between the multilateral trading system and the international financial system, and invites the United Nations Conference on Trade and Development, in fulfilment of its mandate, to undertake the relevant policy analysis in those areas and to operationalize such work, including through its technical assistance activities;

23. *Takes note* of the holding of the second Global Review on Aid for Trade, on 6 and 7 July 2009, aimed at reviewing progress achieved and identifying additional measures needed to support developing and least developed countries in building their supply and export capacities, and stresses the urgent need to implement the aid for trade commitments, especially with regard to the mobilization of additional, non-conditional and predictable funding;

24. *Welcomes* the efforts made to operationalize the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries, aimed at promoting the export and supply capacities of the least developed countries, as well as the establishment of the Enhanced Integrated Framework Trust Fund, and urges development partners to increase their contributions, with a view to ensuring increased additional, non-conditional and predictable financial resources on a multi-year basis;

25. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and calls upon the international community to work towards the strengthening of the Conference, in order to enable it to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis and technical assistance, especially through increased core resources of the Conference;

26. *Invites* the United Nations Conference on Trade and Development, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and, in particular, to analyse issues of concern to developing countries, supporting them in building capacities to establish their own negotiating priorities and negotiate trade agreements, including under the Doha Work Programme;

27. *Urges* donors to provide the United Nations Conference on Trade and Development with the increased resources necessary to deliver effective and demand-driven assistance to developing countries, as well as to enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

28. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-fifth session a report on the implementation of the present resolution and on developments in the multilateral trading system, including with regard to the implementation of the World Intellectual Property Organization development agenda, under the sub-item entitled "International trade and development" of the item entitled "Macroeconomic policy questions";

29. *Also requests* the Secretary-General to transmit the present resolution to the Director-General of the World Trade Organization for circulation as a document of the World Trade Organization.

Draft resolution II
Unilateral economic measures as a means of political and economic coercion against developing countries

The General Assembly,

Recalling the relevant principles set forth in the Charter of the United Nations,

Reaffirming the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations,[1] which states, inter alia, that no State may use or encourage the use of unilateral economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights,

Bearing in mind the general principles governing the international trading system and trade policies for development contained in relevant resolutions, rules and provisions of the United Nations and the World Trade Organization,

Recalling its resolutions 44/215 of 22 December 1989, 46/210 of 20 December 1991, 48/168 of 21 December 1993, 50/96 of 20 December 1995, 52/181 of 18 December 1997, 54/200 of 22 December 1999, 56/179 of 21 December 2001, 58/198 of 23 December 2003, 60/185 of 22 December 2005 and 62/183 of 19 December 2007,

Gravely concerned that the use of unilateral coercive economic measures adversely affects the economy and development efforts of developing countries in particular and has a general negative impact on international economic cooperation and on worldwide efforts to move towards a non-discriminatory and open multilateral trading system,

Recognizing that such measures constitute a flagrant violation of the principles of international law as set forth in the Charter of the United Nations, as well as the basic principles of the multilateral trading system,

1. *Takes note* of the report of the Secretary-General;[2]

2. *Urges* the international community to adopt urgent and effective measures to eliminate the use of unilateral coercive economic measures against developing countries that are not authorized by relevant organs of the United Nations or are inconsistent with the principles of international law as set forth in the Charter of the United Nations and that contravene the basic principles of the multilateral trading system;

3. *Calls upon* the international community to condemn and reject the imposition of the use of such measures as a means of political and economic coercion against developing countries;

4. *Requests* the Secretary-General to continue to monitor the imposition of measures of this nature and to study the impact of such measures on the affected countries, including the impact on trade and development;

5. *Also requests* the Secretary-General to submit to the General Assembly at its sixty-sixth session a report on the implementation of the present resolution.

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[1] Resolution 2625 (XXV), annex.

[2] A/64/179.